

## Message Text

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ACTION NEA-05

INFO OCT-01 ISO-00 EB-05 DRC-01 RSC-01 /013 W

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R 241008Z APR 74

FM USINT BAGHDAD

TO USDOC WASHDC

SECSTATE WASHDC 0000

INFO AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

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BEIRUT FOR RTDO

EO 11652: N/A

TAGS: BEXP, IZ

SUBJECT: U.S.-IRAQI COMMERCIAL RELATIONS

REF: BAGHDAD 28 AND 210

1. USDOC OFFICERS CONGER AND HALDANE HAD, BY IRAQI STANDARDS, HIGHLY SUCCESSFUL AND ENCOURAGING VISIT. HIGHLIGHT WAS ONE AND ONE HALF HOUR MEETING APRIL 24 WITH ISSAM AL-CHALABI, DIRECTOR OF FOLLOW-UP COMMITTEE FOR OIL AFFAIRS AND IMPLEMENTATION OF AGREEMENTS. THIS COMMITTEE IS MOST HIGH POWERED ECONOMIC BODY IN IRAQ TODAY (BAGHDAD 28). FURTHERMORE, MEETING WITH CHALABI WAS SET UP BY MFA WITH PERSONAL AUTHORIZATION OF MFA UNDER SECRETARY TAQA.

2. AL-CHALABI EMPHASIZED THAT IRAQ IS VERY SERIOUS ABOUT IMPLEMENTING 1974 INVESTMENT PROGRAM OF 4 BILLION DOLLARS AND IT EXPECTS TO SIGN CONTRACTS FOR ALL MAJOR PROJECTS DURING 1974. FOLLOW-UP COMMITTEE SUPERVISES NEGOTIATIONS AND SIGNING OF CONTRACTS AND MINISTRIES IMPLEMENT. HOWEVER, FOLLOW-UP COMMITTEE WILL CONTINUE TO BE INVOLVED THROUGHOUT EXECUTION TO RESOLVE ANY

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PROBLEMS--MAJOR OR MINOR--THAT THREATEN TO DELAY

IMPLEMENTATION.

3. AL-CHALABI STRESSED THAT AMERICAN COMPANIES ARE WELCOME TO COMPETE AND, WITH MORE WILLINGNESS ON THEIR SIDE, CAN ENTER IRAQI MARKET IN BIG WAY. HE MADE SPECIAL POINT THAT IRAQI AIRWAYS BEING RE-EQUIPPED BY BOEING AND BROWN AND ROOT DOING COUNTRY'S HIGHEST PRIORITY PROJECT. GOI VERY SATISFIED WITH BROWN AND ROOT PERFORMANCE THUS FAR, AND IF DEEP SEA TERMINAL COMPLETED ON SCHEDULE, IT WILL HAVE MAJOR IMPACT IN FAVOR OF AMERICAN FIRMS IN GENERAL. AL-CHALABI SAID IRAQI PRIORITIES IN ORDER OF IMPORTANCE ARE DELIVERY AND COMPLETION DATES, QUALITY, AND COST. WHILE FINANCING MAY BE REQUESTED FOR PURPOSES OF COST ANALYSIS, IT IS NOT LIKELY TO BE USED AND IN ANY CASE IT IS NOT A MAJOR CONSIDERATION. FURTHERMORE, U.S. COMPANIES WILL NOT BE DISCRIMINATED AGAINST BECAUSE OF LACK OF GOVERNMENT-TO-GOVERNMENT AGREEMENT SUCH AS BEING NEGOTIATED WITH FRANCE, JAPAN AND ITALY. HE CITED CASE OF 300 MILLION DOLLAR LPG PLANT WHICH MENTIONED IN JAPANESE AGREEMENT BUT WHICH NOW BEING TENDERED. IN FACT DELEGATION JUST LEFT FOR NEW YORK TO COMPLETE TENDER SPECIFICATIONS WITH CHEMICO AND IT HAS BEEN AUTHORIZED TO PASS TENDER DIRECTLY TO BECHTEL AND BROWN AND ROOT.

4. WHEN ASKED TO DEFINE IRAQI PRIORITY PROJECTS, CHALABI SAID AFTER 15 YEARS OF STAGNATION, ALL SECTORS HAVE PRIORITY. HE RAN DOWN MAJOR PROJECTS IN AGRICULTURE, PETROLEUM INDUSTRY, COMMUNICATIONS, AND CONSTRUCTION AS CONTAINED IN BAGHDAD 210. IN RESPONSE TO WHAT USDOC MAY BE ABLE TO DO TO CONTRIBUTE TO IRAQI EFFORTS, AL-CHALABI SAID THAT WHILE IT PREFERENCES TO CHOOSE FIRMS TO WHICH TO SEND TENDERS, IN SOME INSTANCES IT WOULD LIKE HELP IN PERSUADING MORE U.S. FIRMS TO BID. IRAQ'S POLICY IS NOW TO REIMBURSE ALL UNSUCCESSFUL BIDDERS FOR EXPENSES. SECONDLY, USDOC COULD BE HELPFUL IN ENCOURAGING U.S. FIRMS TO SPEED UP DELIVERY DATES OF GOODS AND MATERIALS.

5. CONGER AND HALDANE ALSO MET WITH VICE CHAIRMAN OF INOC, DIRECTOR GENERAL OF STATE MACHINERY IMPORT COMPANY, DIRECTOR GENERAL OF AFRICAN-IRAQI IMPORT COMPANY, IMPORT MANAGER

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STATE COMPANY FOR SCIENTIFIC AND PRECISION INSTRUMENTS, DURING WHICH NEW TRADE OPPORTUNITIES DEVELOPED. (REPORTED SEPTELS).  
LOWRIE

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